



# House of Representatives

General Assembly

**File No. 613**

February Session, 2016

Substitute House Bill No. 5627

*House of Representatives, April 14, 2016*

The Committee on Finance, Revenue and Bonding reported through REP. BERGER of the 73rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT ELIMINATING THE SALES TAX ON PARKING FEES AT CERTAIN FEDERAL, STATE AND LOCAL PARKING LOTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subparagraph (N) of subdivision (37) of subsection (a) of  
2 section 12-407 of the 2016 supplement to the general statutes is  
3 repealed and the following is substituted in lieu thereof (*Effective from*  
4 *passage and applicable to sales occurring on or after said date*):

5 (N) Motor vehicle parking, including the provision of space, other  
6 than metered space, in a lot having thirty or more spaces, excluding (i)  
7 space in a parking lot owned or leased under the terms of a lease of not  
8 less than ten years' duration and operated by an employer for the  
9 exclusive use of its employees, [and] (ii) space in municipally operated  
10 railroad parking facilities in municipalities located within an area of  
11 the state designated as a severe nonattainment area for ozone under  
12 the federal Clean Air Act or space in a railroad parking facility in a  
13 municipality located within an area of the state designated as a severe

14 nonattainment area for ozone under the federal Clean Air Act owned  
15 or operated by the state on or after April 1, 2000, (iii) space in a  
16 seasonal parking lot provided by an entity subject to the exemption set  
17 forth in subdivision (1) of section 12-412, and (iv) space in a  
18 municipally-owned parking lot;

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage and applicable to sales occurring on or after said date</i>	12-407(a)(37)(N)
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**Statement of Legislative Commissioners:**

For the purpose of ensuring accuracy "a person who is exempt from taxation under this chapter pursuant to" was changed to "an entity subject to the exemption set forth in".

**FIN**

*Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

### **OFA Fiscal Note**

#### **State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 16 \$</b>	<b>FY 17 \$</b>	<b>FY 18 \$</b>
Revenue Serv., Dept.	GF - Revenue Loss	Up to 100,000	450,000	420,000
Resources of the Transportation Fund	TF - Revenue Loss	Minimal	30,000	40,000
Policy & Mgmt., Off.	MRSA - Revenue Loss	Minimal	25,000	40,000

Note: GF=General Fund; TF=Transportation Fund; MRSA=Municipal Revenue Sharing Account

#### **Municipal Impact:** None

#### **Explanation**

The bill results in an annual revenue loss of \$500,000 by exempting from the sales tax certain parking fees, including (1) seasonal lots with 30 or more spaces operated by the state or political subdivisions and (2) municipally-owned lots with 30 or more spaces.

The bill would specifically result in a revenue loss of: (1) \$450,000 in FY 17 and \$420,000 annually thereafter to the General Fund; (2) \$30,000 in FY 17 and \$40,000 annually thereafter to the Special Transportation Fund and; (3) \$25,000 in FY 17 and \$40,000 annually thereafter to the Municipal Revenue Sharing Account.<sup>1</sup>

The bill implements this exemption effective from passage. Assuming a May 1<sup>st</sup> start date, there would be a revenue loss of up to \$100,000 to the General Fund in FY 16 and a minimal revenue loss to the Special Transportation Fund and the Municipal Revenue Sharing

<sup>1</sup> PA 15-244, as amended by PA 15-5 JSS and PA 15-1 DSS, requires a monthly transfer of a portion of the sales tax generated into the Municipal Revenue Sharing Account and the Special Transportation Fund. The general sales and use tax rate, from which the diversion occurs, remains at 6.35%.

Account.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sHB 5627*****AN ACT ELIMINATING THE SALES TAX ON PARKING FEES AT CERTAIN FEDERAL, STATE AND LOCAL PARKING LOTS.*****SUMMARY:**

This bill exempts from sales and use tax non-metered motor vehicle parking in (1) seasonal lots with 30 or more spaces operated by the state or political subdivisions and (2) municipally-owned lots with 30 or more spaces. As under existing law, parking in metered lots or lots with fewer than 30 spaces is exempt from the tax.

PA 15-244, June Special Session (§ 75) eliminated an exemption for seasonal lots operated by (1) the state or political subdivisions; (2) federal tax-exempt nonprofit organizations; and (3) nonprofit charitable hospitals, nursing homes, rest homes, residential care homes, and certain acute-care hospitals.

**EFFECTIVE DATE:** Upon passage and applicable to sales made on or after that date.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 44      Nay 0      (03/24/2016)